

**CareerSource Pinellas
Finance Committee Minutes**

Date: April 29, 2020 - 10:00 A.M.

Location: Virtual Zoom Meeting

Call to Order

Committee Chair, David Fetkenher called the meeting to order at 10:00 am. There was a quorum present with the following members participating.

Committee Members in attendance

Manny Bhuller, David Fetkenher, Barclay Harless (phone), Jack Geller, Amy Van Ness (phone).

Committee Members Absent

Scott Wagman

Staff Present

Jennifer Brackney, Steven Meier, Cindy Hockridge.

Action Items

Action Item 1 – Approval of Minutes

The minutes of February 26, 2020, Finance Committee Meeting were presented for approval.

Motion:	Jack Geller
Second:	Barclay Harless

The minutes were approved as presented. The motion carried unanimously. There was no further discussion.

Action Item 2 – Program Year 2019 – 2020: Budget Modification No. 2

Total budgeted revenues estimated to decrease from \$10,942,753 to \$10,820,989 for an overall decrease of \$<121,764>.

- DEO and Youthbuild related revenue and expenses are budgeted to decrease \$<852,768>.
- Other revenue estimated to increase about \$731,000.
- Other expenses estimated to increase about \$172,000.

Workforce Innovation and Opportunity Act (WIOA) Programs (Total decrease of \$<587,220>):

- Increase in WIOA Adult - \$100,000.
 - Training spending increased this fiscal year.
- Decrease in WIOA Youth - \$<559,053>.
 - Challenging enrollments. Will not be spending any funds from 2019-2021 grant until next fiscal year.
- Decrease in Career Ready – Sector Strategies IT - \$<19,000>.
 - Did not spend all grant funds.
- Decrease for Apprenticeship Expansion grant- \$<85,000>.
 - Lower than expected spending in 2019-2020; will be delayed until 2020-2021.
- Decrease for WIOA Soft Skills grant - \$<45,000>.
 - Lower than expected spending in 2019-2020; will be delayed until 2020-2021.
- Increase in WIOA Foundational Skills grant - \$20,833.
 - New grant issued from CareerSource Florida; every LWDB received same amount.

Welfare Transition:

- Increased in Welfare Transition - \$146,707.

- o Increased funding allocation from DEO.

Supplemental Nutrition Assistance Program

- Decrease in SNAP - \$<128,000>.
 - o Reduced Federal funding.

Trade Adjustment Assistance

- Decrease in TAA Training - \$<120,000>.
 - o Timing of spending and over-estimation of 2019-2020 expenditures.

Youthbuild Funding

- Decrease in DOL 2016 Youth build grant – \$<60,000>.
 - o Did not spend all grant funds.
- Decrease in DOL 2019 Youth build grant - \$<59,255>.
 - o Lower than expected spending; will be spent in 2020-2021 and 2021 and 2022

Other Revenue (Non-DEO and Youthbuild)

- Gain on Sale of Science Center - \$717,139.
 - o Net Proceeds of sale over net book value of assets sold.
- Increased Interest - \$20,800.
 - o Higher interest rates and higher bank balances from proceeds of sale of Science Center.
- Decreased sponsorship revenue -\$<6,000>
 - o Lower career fair sponsorships

Other Expenses (Non-DEO and Youthbuild)

- Science Center Expenses budgeted to increase about \$157,000.
 - o \$79,000 Commissions on sale of Science Center.
 - o \$40,000 on Iguana enclosure at SPCA.
 - o \$16,000 on mortgage interest and debt interest on HVAC.
 - o \$11,000 on Storage costs (PODS).
 - o \$10,185 rescission of beneficial interest in Science Center endowment by Community Foundation of Tampa Bay.
 - o \$1,250 of Amortization costs on Mortgage.
- Other Costs - \$15,000.
 - o Penalties and Disallowed Expenses (a/c 5700) - \$8,700
 - Affordable Care Act IRS fine (\$2,700)
 - Americorps Grant disallowed expenses (\$3,000)
 - Insurance Resolution with former employee (\$3,000)
 - o Insurance Claims (a/c 5405) – deductible Cyber insurance claim - \$2,500.
 - o Food and Beverages (a/c 5310) - \$1,500 in unrestricted.
 - o Other Expenses (a/c 5700) – unused training vouchers - \$2,550.

Recommendation:

Approval of adjustments to the revenue budgets and resultant modifications to the expenditures budgets.

Discussion: The issue of unemployment benefits and its effect on our operations was discussed. We have been asked by the Governor, through Executive order and DEO to assist with collecting and distributing paper applications and resetting pin numbers. A large number of our employees have been redeployed to assist with the reemployment application process.

The Finance Committee recommended approval of the PY 2019 – 2020 Budget Modification No. 2.

Motion:	Jack Geller
Second:	Manny Bhuller

The motion carried unanimously. There was no further discussion.

Action Item 3 – Program Year 2020-2021 Planning Budget

Career Source Pinellas has received planning allocations from the State of Florida and is anticipating a decrease in overall funding as compared to the prior year. The budgeted revenue has decreased from the budget of \$10,433,031 in 2019-2020 to a projected budget of \$9,859,371, an overall decrease of \$<573,660> or <5.5>%.

Most of the revenue/expenditure reductions are related to lower WIOA funding, lower SNAP funding and timing of spending for grants that overlap multiple fiscal years. As we discussed in previous meetings, the reduction of WIOA funding is not completely unexpected - these resources are based on a formula that includes previous local economic conditions, such as the unemployment rate. This formula-based funding often lags behind current funding needs, especially when there is a sudden impact to local economic conditions. We are currently experiencing this reality. In February 2020, the unemployment rate was hovering around 2 percent. The current health crisis is expected to drive the local unemployment rate to exceed the highest levels recorded in recent history. Both the health crisis and reduction of funding will impact CareerSource Pinellas services and staffing as we move forward.

CareerSource Pinellas will be required to quickly pivot to ensure services are offered in a manner that meets the needs of our customers. This pivot will require an adjustment to the current business model. The current business model offers a low digital presence through open resource centers, group workshops and career counseling meetings where individuals meet in person and in large groups. As we adjust to social distancing requirements to ensure the safety of team members and customers, many of these services will transition to a digital platform.

Within the last few months, CareerSource Pinellas has made great strides in a digital transformation through the implementation of telework, email/telephone and virtual platform options.

“Safer at Home”: As of today, approximately 50 percent of team members are teleworking. Telework has allowed CareerSource Pinellas to continue to provide services while following “safer at home” mandates. As traffic decreased in the career center, the majority of Specialists were re-deployed to assist with the reemployment application process by answering phones, responding to email and distributing/collecting paper applications. A few team members continue to offer limited-access, appointment-only services at the South County Center to a minimal number of walk-in customers who need us most.

Case Management: Case management has successfully transitioned to remote and virtual platforms shifting in-person meetings to a face-to-face via technology model.

Workshops: Workshops have successfully transitioned to a virtual platform. Through a partnership with SPC, these workshops are customized by SPC instructors offering an interactive opportunity for learning and discussion.

To meet the demands of these new realities, CareerSource Pinellas must embrace the digital transformation; ramp up to meet the need for targeted service delivery and explore new partnership opportunities.

As customer expectations shift to a more virtual experience, we are taking steps to ensure CareerSource Pinellas will be ready with a new and innovative normal with services offered both in person and virtually. Due to the fluidity of the situation before us, the budget is based on the best information we have available to us today. At this time, due to the realities of the pandemic, the need for digital transformation and the decrease in funding allocations, the current budget anticipates a potential impact to 5-10 positions. This is a difficult reality, especially since we've made deliberate efforts to keep this team together. To minimize the impact, we will put a hold on all new hiring, except for a few mission critical lead positions, and we will explore other funding opportunities.

Attachments:

1. FY 20 Budgeted Revenues

2. FY 20 Budget Preparation – Revenue Variances from Prior Year
3. FY 20 CareerSource Pinellas Planning Budget
4. FY 20 Expenditure Report

Recommendation:

Approval of the planning budget effective July 1, 2020 and subsequently provide to the Pinellas Board of County Commissioners for their approval. Final submission will be provided to the Florida DEO and CareerSource Florida.

Discussion: No further Discussion.

The Finance Committee recommended approval of the PY 2020-2021 planning budget effective July 1, 2020.

Motion:	Jack Geller
Second:	Manny Bhuller

The motion carried unanimously. There was no further discussion.

Other Administrative Matters

None

Information Item 1- Statement of Activities: Current Year vs. Prior Year

A statement of activities report was included in the packet, which compared the revenues and expenditures of the current program year to the previous program year. Highlighted items: Ticket to Work Revenue is up from last year. Program Revenue is \$0 this year and associated with the Science Center. There is a \$717,139 gain on Sale/Disposal. Personnel expenses were favorable. Staffing is down this year, but we still have positions to fill. There was a cut-back on work-based learning and an increase in customer training. The Fees/exams/certifications increased as we are working on long-term training programs. Contract labor has decreased. Equipment has increased due to upgrades and purchasing 25 laptops for our employees to do telework from home.

Information Item 2 – Statement of Activities: Current Year vs. Budget

A statement of activities report was included in the packet, which compared current year-to-date revenues and expenditures to the planned budget. The actual YTD is \$604,597 versus a YTD budget of \$699,369, with a variance of (\$94,772).

Information Item 3 – Cost Allocation/Expenditure Report for PE 3.31.20

A cost allocation/expenditure report was provided in the packet for the nine months ending March 31, 2020. Two-thirds of our expenses are direct costs, while one-third are the pooled costs.

Information Item 4 – Pooled Cost Expenditure Report for PE 3.31.20

A pooled cost expenditure report was provided in the packet for the nine months ended March 31, 2020. The largest cost is IT, followed by office rent.

Information Item 5 – Grants Status Report

A grant status report was provided in the packet, as of 3/31/20. Two new columns were added: Total grant and time elapsed. The focus for the remainder of the year is paid work experience.

Information Item 6– Indirect Cost Rate Proposal Status

CareerSource Pinellas received notification from the DOL on March 25, 2020, that the organization's Final Indirect Cost rate for 2018-2019 of 16.49% was approved. In addition, the DOL approved the provisional rate for 2019-2020 of 15.35%.

Information Item 7 – Program Year 2019 – 2020: Subrecipient Monitoring

Subrecipient Monitoring: Activities undertaken to review the financial status and management controls of a subrecipient in order to mitigate the risk of doing business with a subrecipient and to ensure that a subaward is used for authorized purposes in compliance with the terms and conditions of the subaward. Subrecipient monitoring is required by federal regulation as outlined in 2 CFR §200.331.

CareerSource Pinellas had three subrecipients that were required to be monitored for 2019-2020:

Pinellas Education Foundation – Youth Connect grant for youth services

- Junior Achievement of Tampa Bay, Inc. – Summer STEM program
- Kaiser Group, Inc. dba Dynamic Workforce Solutions – One-Stop Operator

Monitoring procedures were performed during February and March 2020 by Triscia Catalano, Accounting Coordinator, and Steven Meier, Chief Financial Officer. Final reports were all issued by March 31, 2020; within the nine-months after completion of the contract as required by the Federal regulations.

Observations:

Pinellas Education Foundation

- PEF's invoices or final invoice for the contract period did not include a certification as required per 2 CFR 200.415.
- Two timesheets that did not contain either the employee's signature or supervisor's signature.
- One mileage reimbursement form did not contain signature of employee and supervisor's signature.

Junior Achievement of Tampa Bay, Inc.

- Junior Achievement's invoice for the contract period did not include a certification as required per 2 CFR 200.415.
- Junior Achievement does not appear to be registered on the System for Award Management (SAM).
- Junior Achievement's invoice contained errors resulting in under billing of \$701.54.

Kaiser Group, Inc. dba Dynamic Workforce Solutions

- The actual profit recognized by Dynamic appears excessive based upon the invoiced amount of \$34,166.64 for the period November 1, 2018 through June 30, 2019.
 - o Subsequent negotiations resulted in a refund of \$5,400 to CareerSource Pinellas.
- Dynamic's invoices or final invoice for the contract period did not include a certification as required per 2 CFR 200.415.

Information Item 8 – Abila Computer Disruption

CareerSource Pinellas utilizes Abila's MIP Fund Accounting for its accounting software and Microix for its customer budgeting and voucherizing software. These software packages are integrated and are hosted by Abila in a single-tenant cloud environment.

On or about Tuesday, March 24, 2020, Abila's single-tenant cloud environment was hit with a ransomware cyber-attack. As a result, Abila took all of the servers in the single-tenant environment offline. Through discussions with Abila personnel and other workforce board personnel throughout Florida, this impacted hundreds of customers. Abila notified the FBI and hired forensic IT professionals to conduct a review and testing. Abila assured CareerSource Pinellas personnel that our data was not compromised, lost or exfiltrated.

CareerSource Pinellas was without MIP Fund Accounting and Microix access until Monday, April 6, 2020, when access was given to MIP Fund Accounting software on a temporary basis via Amazon Web Service. Accounting personnel performed a review and it appears that no data was lost.

Through continued discussions with Abila management, we negotiated migration of our data to Abila's multi-tenant cloud environment which was not impacted by the cyberattack. Coordinating with Abila while completing month-end reporting to the State, a successful migration of our MIP Fund Accounting and Microix databases to Abila's multi-tenant environment occurred on Wednesday evening, April 15, 2020.

Effective, Thursday, April 16, 2020, all MIP Fund Accounting and Microix users were back up and functioning.

***Follow up: Steve will follow up with general manager of Abila regarding any expenses that we may incur moving forward.**

Public Comments

None.

Open Discussion

Mr. Meier mentioned the DEO Financial Monitoring will take place remotely May 11th.

Ms. Brackney stated that we are exploring alternative options for managing the number of individuals looking to connect with employment. The organization will move to a more remote virtual platform. These changes and the budget may impact our staffing levels as we move forward.

Adjournment

The meeting was adjourned at approximately 10:57 am.